

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3792-02  
Bill No.: Perfected SCS for SB 700  
Subject: Counties; Taxation and Revenue  
Type: Original  
Date: March 22, 2010

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Bill Summary: This proposal authorizes the creation of exhibition center and recreational facility districts in certain counties.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Revenue (DOR)** state their response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within DOR's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the Information Technology portion of the fiscal impact is estimated with a level of effort valued at \$4,441 (1 FTE for 1 month at \$4,441 to make updates to the sales tax processing system - MITS).

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. **Oversight** assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

In response to a previous version of this proposal, officials from **DeKalb County** estimated the fiscal impact of the above-referenced bill for fiscal years 2009, 2010 and 2011 to be as follows:

- Revenues: Revenues for 2009 are final as this is the 12th month of the year. One-fourth is \$157,260. Revenues for 2010 estimated at \$150,000 and the same for 2011. I did not include an increase in Sales Tax for the 2010 and 2011 as it has declined from 2008 and I do not anticipate an increase in Sales Tax in the future.
- Costs: Holding hearings for the establishment of this district would incur the expense of publication of hearing notices in the local newspapers. This expense would be approximately \$600 per newspaper with three newspapers to publish the hearing notice. Total expense estimated to be \$1,800. The expense of holding a County wide election is estimated to be \$8,000. If the issue passes and a board is appointed, the expense of their actual and necessary expenses would occur. This is estimated to be \$4,000 per year. This board would have to have Errors and Omissions Insurance with an estimated cost of \$5,000 per year.

In response to a previous version of this proposal, officials from **Daviess County** assumed they would incur election costs of \$12,060 in FY 2011 as a result of this proposal.

Officials from the counties of **Caldwell, Clinton, Jefferson, Buchanan, Newton and Jasper** did not respond to our request for fiscal impact.

ASSUMPTION (continued)

**Oversight** assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. If the governing body of the county approves the creation of an Exhibition Center and Recreation Facility District and the voters within the district approve a sales tax to operate the district, the Department of Revenue would collect the sales tax and would withhold a 1% collection fee. The collection fee would be deposited in the State's General Revenue Fund.

If the counties attempt to establish a district, they would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable and based upon the desire and action taken to set up such a district.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2011  
 (10 Mo.)

FY 2012

FY 2013

**EXHIBITION CENTER AND  
 RECREATION FACILITY  
 DISTRICT FUND**

**Income** to Exhibition Center and  
 Recreation Facility District  
 from voter approved sales tax

\$0 or Unknown    \$0 or Unknown    \$0 or Unknown

**Cost** to Exhibition Center and Recreation  
 Facility District  
 from operation and maintenance of the  
 district, election cost, etc.

\$0 or  
(Unknown)

\$0 or  
(Unknown)

\$0 or  
(Unknown)

**ESTIMATED NET EFFECT TO  
 EXHIBITION AND RECREATION  
 FACILITY DISTRICT FUND \***

**\$0**

**\$0**

**\$0**

**\*Oversight assumes costs would not exceed income resulting in either an annual positive  
 fund balance or a zero fund balance.**

FISCAL IMPACT - Small Business

Small businesses within any newly created district may have to collect and remit additional sales  
 taxes to the Department of Revenue.

FISCAL DESCRIPTION

This act allows real property owners in the Cameron School District located in Caldwell, Clinton,  
 Daviess, and DeKalb counties, along with owners in several other counties, to seek voter  
 approval for the creation of exhibition center and recreational facility districts. If such a district  
 is created, it may seek voter approval for the imposition of a one-quarter of one percent sales tax,  
 for a period not to exceed twenty-five years, to fund the district.

FISCAL DESCRIPTION (continued)

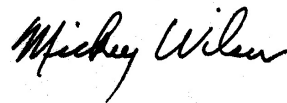
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Daviess County  
DeKalb County

**NOT RESPONDING:**

**Caldwell County**  
**Clinton County**  
**Jefferson County**  
**Buchanan County**  
**Newton County**  
**Jasper County**



Mickey Wilson, CPA  
Director  
March 22, 2010